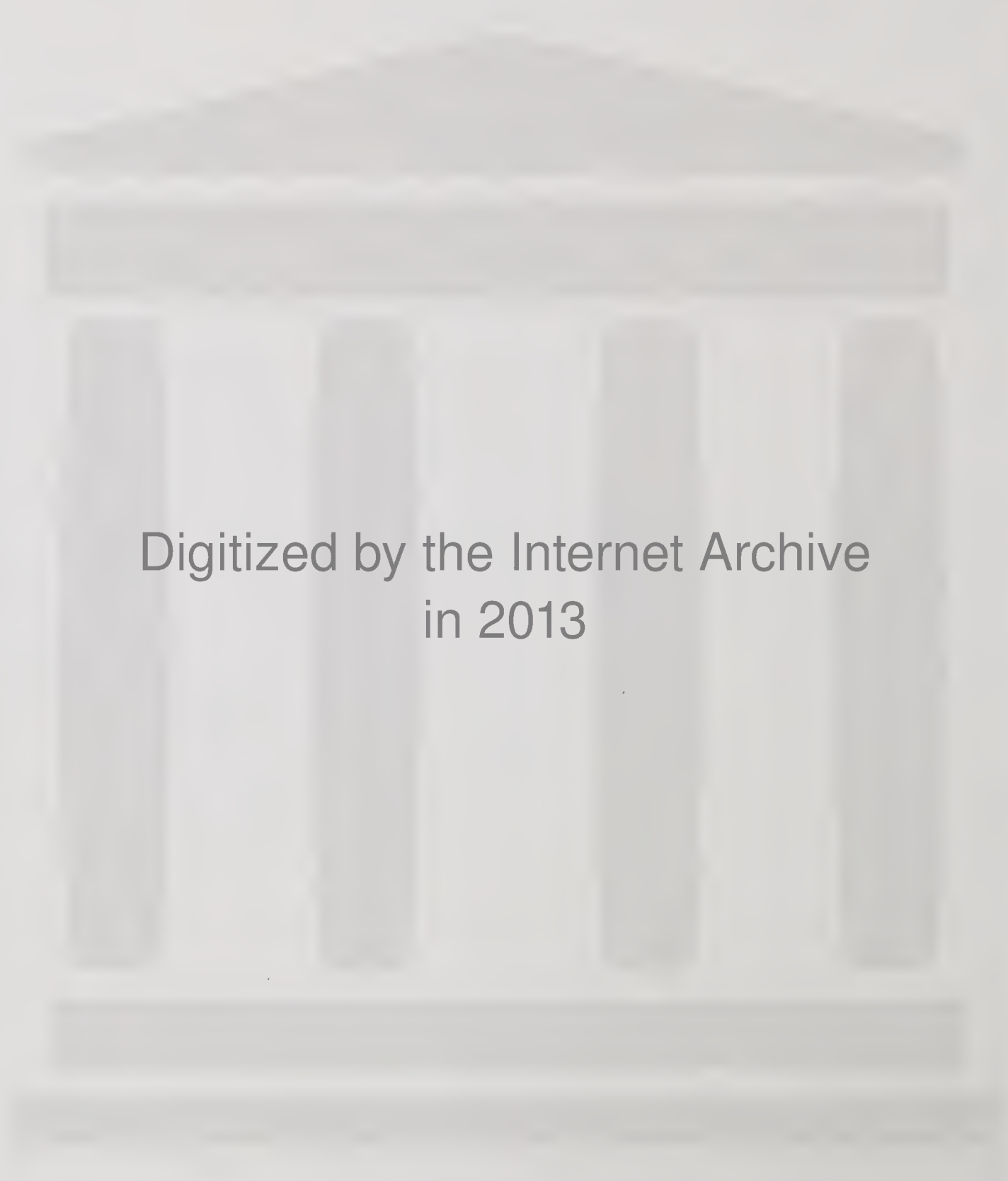




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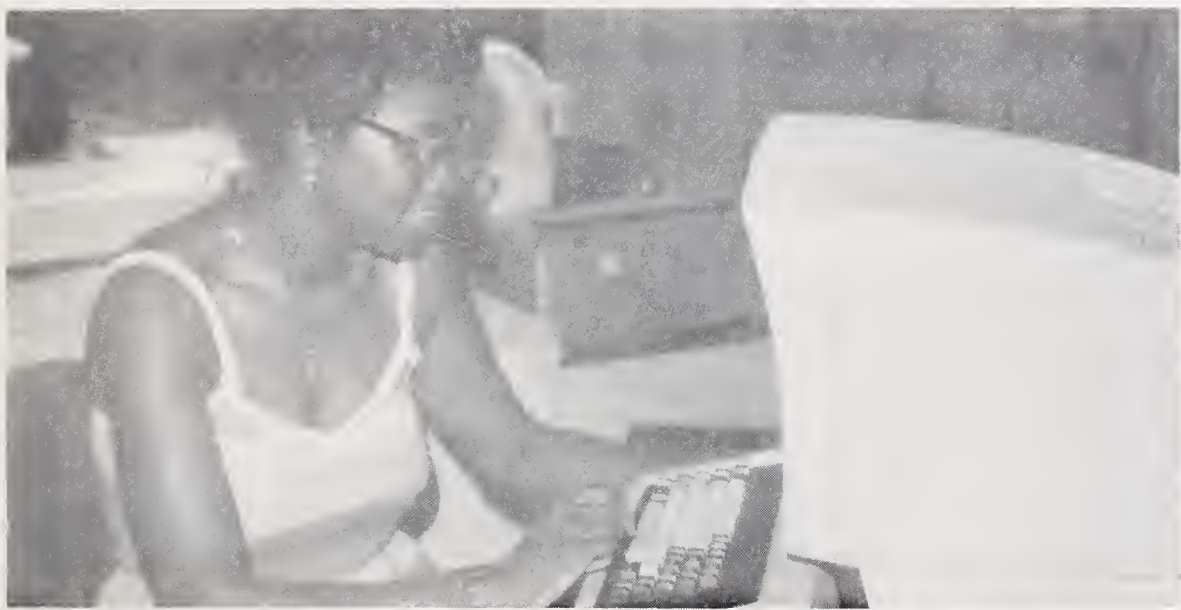
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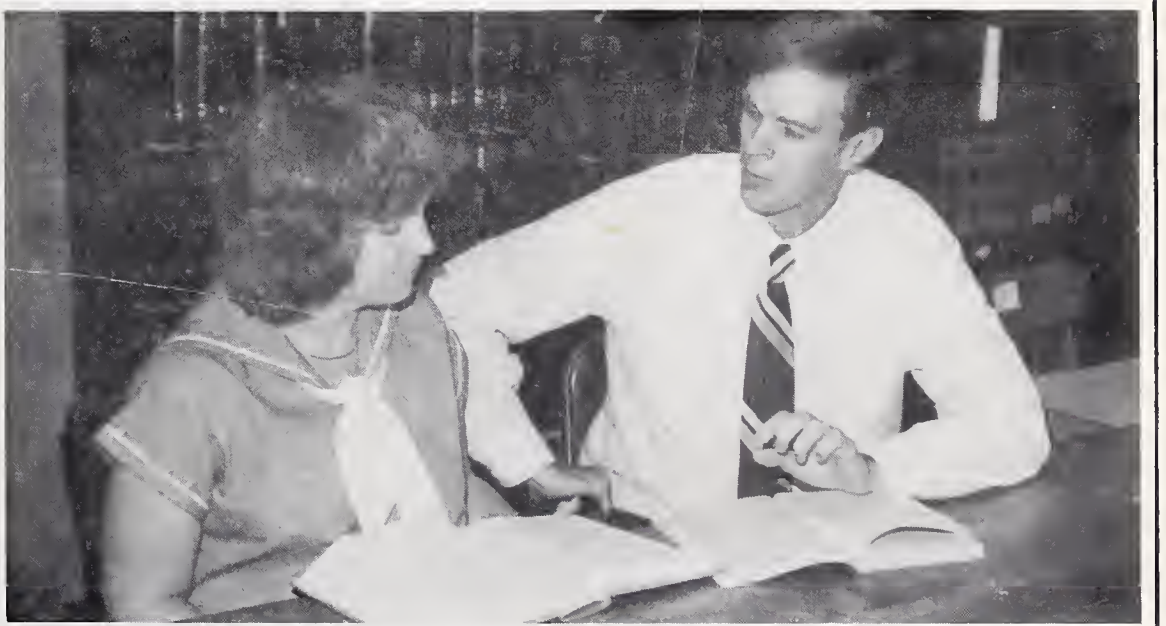
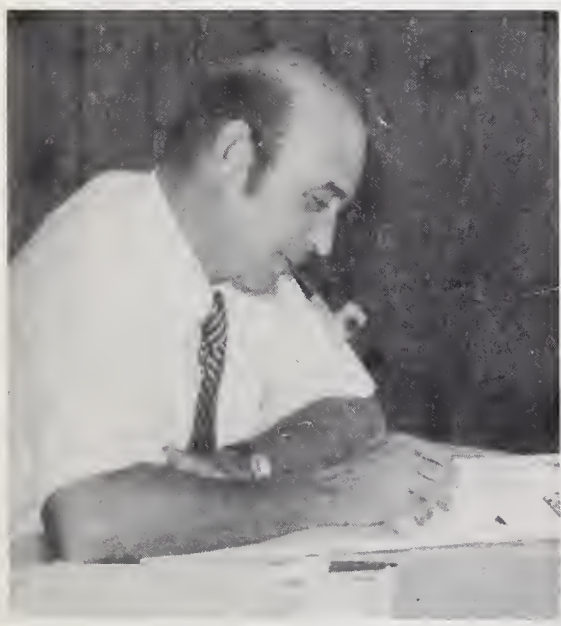
DEPARTMENT OF PUBLIC WELFARE



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Public Information Officer, Department of Public Welfare: Patricia Kennedy.
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The Commonwealth of Massachusetts

Department of Public Welfare

JOHN D. PRATT
Commissioner

Sweeping change is seldom mirrored in mere facts and figures. So it is with the Annual Report of the Department of Public Welfare for 1980, a year of both fundamental reorganization and great strides in programmatic development.

One of the basic barometers of the Department's efficiency, its assistance payments error rate, was reduced in a year from a near national high of 24.8% to only 8%, below the national average.

The union contract was renegotiated to allow a workload, rather than caseload, concept; eligibility requirements were computerized; quality control data were computerized as well, to statistically relate errors to case type and worker activity; and, finally, work progressed on the Selective Case Action contract to permit combining all these elements in a system to provide maximum accuracy in the total caseload. Fruition of these initiatives is essential for the Department to meet the 4% standard mandated by Congress by October, 1982.

In contrast, the Department suffered a major setback in the cancellation of its Medicaid Management Information System contract. While much useful information was gleaned, the Department still lacks the strong management tool it needs to control rising Medicaid costs.

The creation of the new Department of Social Services changed the shape of the Department entirely, transferring all social service functions from its parent agency. The transition, affecting security and continuity for clients and employees alike, went as well as it did largely because of the extra efforts of the Department's employees. Their dedication at a time of extreme personal stress is to be commended.

The Department of Public Welfare is fundamentally different from what it was a year ago. Its employees can be proud of their accomplishments, and the citizens of the Commonwealth can be confident of the Department's growing ability to discharge its duties responsibly.

A handwritten signature in cursive script, reading "John D. Pratt".

Helping Our Low-Income Citizens

The Massachusetts Department of Public Welfare is charged with the responsibility of providing financial and medical assistance to low-income citizens of the commonwealth. Before 1968, this responsibility was the province of locally autonomous and widely disparate agencies only loosely tied to a central administration. Since then, the development of a single state-wide structure with centralized control has promoted more uniform fiscal control, relieved less affluent cities and towns of an onerous burden, and provided disbursement of aid to the needy on a consistent state-wide basis.

Extensive reorganization within the Department that began in FY79 continued in FY80. Briefly, this consisted of removing from the Department of Public Welfare all social service functions, making the primary role of the DPW that of determining eligibility for and disbursing financial assistance. However, the functions of the various social service departments remained within the Department during FY80.

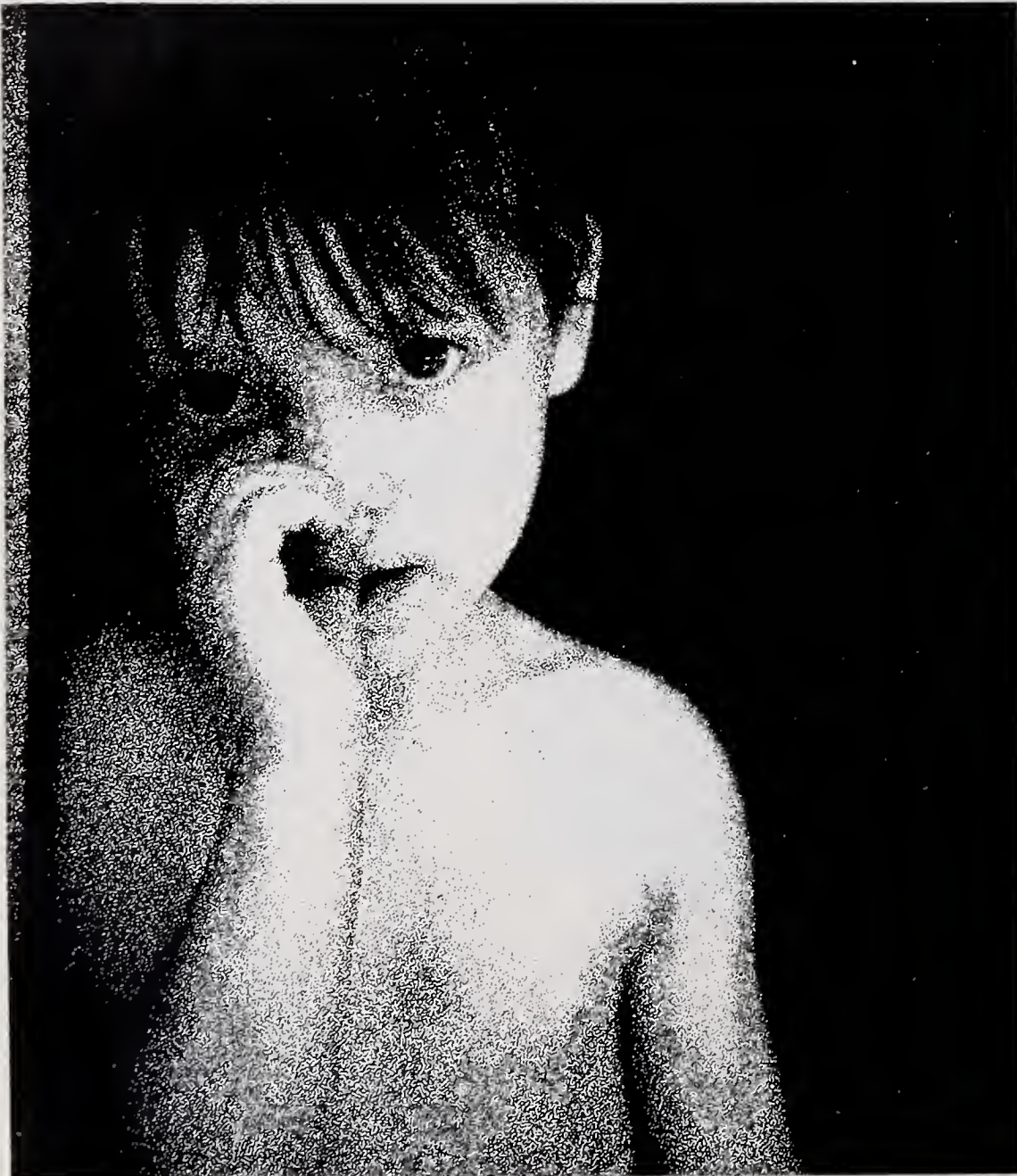
This annual report is divided into two main sections—Programs and Administration—in the hope that the reader will be better able to understand the nature and objectives of the Department's programs as well as the manner in which the Department functions.

1980 DPW Programs

- **Assistance Payments** 4
- **Medical Assistance** 7
- **Social Services** 10



Assistance Payments



This division devotes its efforts to providing financial aid to those who lack the financial resources for self-subsistence, and is divided into units each addressing one particular area of need.

AFDC Aid to Families with Dependent Children

AFDC is the federal-state program that provides cash benefits to needy families with children. AFDC recipients are also eligible for medical and social services.

In order for a family to qualify for AFDC, there must be children who are deprived of the financial support of one of their parents. Also, the family's income must fall below a "needs standard."

The typical recipient of AFDC in FY80 was a family headed by a young (in her twenties or thirties), white, Massachusetts-born mother of one or two children. With no other income, she received a basic monthly grant of \$357.70, plus \$108.00 in Food Stamps, and Medicaid coverage for herself and her family, for an average period of 3.7 years. In any given month, there was an average of 120,000 AFDC families, with 227,000 children. Massachusetts made AFDC payments in FY80 totalling some \$490 million, over half of which was returned to the state by the federal government.

Emergency Assistance

Emergency Assistance is a 50% federally funded branch of AFDC which provides support under extraordinary circumstances not provided for by the normal monthly grant. It is, by federal mandate, available to a family only once each year.

The most important function of this program is to assist families stricken by disasters, such as fire or flood, with moving expenses and replacement of basic furniture, clothing, household equipment, and food. It also pays for the repair or replacement of essential household appliances. Finally, Emergency Assistance pays overdue shelter and utility bills in order to avert eviction or termination of utility services.

Supplemental Security Income

SSI is a federally administered program providing benefits which supplement other types of income, usually Social Security, to the aged, disabled, and blind. While the Massachusetts Commission for the Blind funds the state share to that group, the DPW made payments in FY80 of some \$120 million to the elderly and disabled, with the federal government adding nearly \$110 million, for a total of \$230 million. Part of the cost was \$10 million for a 6.4% cost of living increase.

An aged individual living alone with no other income received a total SSI check of \$375 in FY80, a disabled person living alone \$360. But since many elderly people have incomes from a variety of sources, the actual dollar amount needed by each individual varies widely.

An SSI recipient's outside income is applied first to the federal portion of the grant. Further, since a number of SSI recipients reside in nursing or rest homes, SSI provides a personal care allowance in addition to direct payments made to these facilities. In FY80, over 7,000 persons received these allowances, for a total cost of \$872,000.

As well as cash assistance, those receiving SSI fall under the Medicaid umbrella and will be able to apply for Food Stamps beginning in October, 1981.

Emergency Needs

The Emergency Needs program is an adjunct to the SSI program similar to the AFDC's Emergency Assistance. It meets natural disasters or fires with replacement of food, clothing, and shelter. It further assists the SSI recipient in moving expenses necessitated by eviction or unsafe or substandard housing, or relocation to subsidized housing or housing for the elderly. Emergency Needs also pays a portion of burial expenses for SSI recipients.

GR General Relief

Operated and funded solely within the commonwealth, i.e., with no federal reimbursement, the GR program expended nearly \$47 million in aid to almost 23,000 people. The typical GR recipient is unable to work for medical reasons, is unmarried, lives in an urban area, and in FY80 received \$169.40 per month from the state. Separately, fewer than 600 families across the state received GR, as those families in need usually met the eligibility requirements for AFDC.

Besides the medically incapacitated, a small group with other significant barriers to employment receive GR. Generally 45 or over, they may lack a work history, have minimal education, or have a severe language deficiency.

The basic monthly grant is supplemented, not only by Food Stamps and limited medical assistance, but also by rental and special diet allowances when necessary, up to a maximum of \$64.50 per month. However, the amounts actually paid to GR recipients vary widely because of the diversity of their living arrangements: while many live alone or with another individual sharing common expenses, many others reside in such institutions as rest homes or halfway houses.

Food Stamps

Though administered by the state, the Food Stamp program is funded largely by the United States Department of Agriculture, which provides upwards of \$170 million yearly to guarantee proper nutrition for Massachusetts residents. In FY80 the state spent close to \$9 million of its own funds to determine eligibility for and distribute Food Stamps. Those eligible are issued monthly cards which are then exchanged for coupon booklets at any one of the state's 140 issuing agents, largely banks or retail chains.

There are two broad categories of Food Stamp recipients: Public Assistance (PA), comprising those receiving AFDC, GR, or Refugee Assistance (RA); and Non-Public Assistance (NPA), those receiving no other aid. In an average month of FY80, 330,000 PA and 130,000 NPA individuals received Food Stamps, equalling a total of some \$15 million.

A sample AFDC family of three with no earned income received \$81 monthly in Food Stamps, a sample GR individual \$35, an NPA family of four with no income the maximum coupon allotment of \$209, and an NPA family of four with take-home pay of \$695 monthly, the minimum allowance of \$23.

Cuban and Indochinese Refugee Assistance

Previously funded entirely by the federal government, refugee support was decreased by steps in FY80 to a 50% level, with the remaining 50% now coming from the state treasury. Numbering under 500, needy refugees received benefits roughly equivalent to those provided by AFDC (when there were children involved) or GR.

The state expenditure for FY80 was approximately \$2 million, with the federal supplement making the total budget close to \$4 million.

Medical Assistance (Medicaid)



The largest component of the DPW furnishes Medical Assistance (Medicaid) to the Commonwealth's medically needy, comprising mainly the very old and the very young.

Medicaid

Children in impoverished families and their single or unemployed parents make up 70% of Medicaid recipients, but they account for less than 30% of all Medicaid costs. This 30% of the Medicaid budget mainly provides primary and preventive care for children and pre- and post-natal care for mothers and infants.

The bulk of Medicaid funds goes to medical services to the elderly and disabled, who, though relatively small in number, require substantial and long-term care. While providing medical care for those on Social Security, the federal Medicare program offers only limited nursing home coverage, which Medicaid steps in to supplement.

A small percentage of Medicaid funds is used towards back-up health coverage for a family which would otherwise be impoverished by massive medical costs. Further, all foster children and other dependents of the state receive Medicaid.

How much does Medicaid cost?

In FY80, Massachusetts spent some \$852 million on Medical Assistance programs, of which \$435 million was returned to the commonwealth by the federal government. There is a wide divergence between the averages of the two major groups of Massachusetts recipients: in the families-with children group, the typical individual received a total of \$545, whereas the average in the elderly-and-disabled group approximated \$7,500.

How many people receive Medicaid?

Of Massachusetts's 5,728,000 people, just over half a million, or nearly 10%, receive medical assistance. The following chart illustrates the make-up of Medicaid recipients over the last decade.

Medicaid Recipients 1970, 1975, 1980

	State Population	Children and Families		Elderly		Disabled		Total	
		Recipients	Change	Recipients	Change	Recipients	Change	Recipients	Change
1970	5,688,600	320,000	—	109,900	—	25,400	—	455,300	—
1975	5,789,500	409,900	+ 28.1 %	117,200	+ 6.6 %	45,400	+ 82.7 %	573,500	+ 26.0 %
1980	5,728,300	393,300	— 4.0 %	112,300	— 4.2 %	61,300	+ 32.1 %	566,900	— 1.15 %

Medical Assistance— Mental Health

Growing interest in de-institutionalizing the mentally ill has led to increased efforts to use Medicaid-reimbursable mental health services in the community.

Although not all mental health services are eligible for Medicaid funding, four major types are: *intermediate care facilities for the retarded*, which are small community residences offering live-in rehabilitative therapy; *day habilitation* and *psychiatric day treatment programs* which provide intensive day therapy to the retarded and disturbed, respectively; and *mental health clinics* which provide therapy for patients with less severe disturbances.

This rapidly expanding program received nearly \$11 million in FY80, with federal funds reimbursing 51.75% of that cost.

Project Good Health

To enhance the medical care of needy children, federal regulations require states to make Medicaid families aware of the availability of early and periodic screening, diagnosis, and treatment, and to aid their access to these services.

In Massachusetts Project Good Health informs eligible recipients of the need for preventive health care, encourages the use of medical services,

and monitors and evaluates the effectiveness of the program.

Over 300,000 children were targeted for PGH outreach in FY80, at a cost of \$1.5 million, of which over half was federally reimbursed.

Medical Assistance— Chapter 766

Chapter 766 of the Acts of 1972 requires local school agencies to develop and implement individual education plans for children with special needs. The physical and mental health of these children is comprehensively assessed and, based on the findings, both health and educational problems are addressed. In FY80 there were over 150,000 children covered by Chapter 766, about a quarter of whom were Medicaid eligible.

The cost of MA-766 totaled \$4 million in FY80, 51.75% being subject to federal reimbursement.

Social Services



In addition to providing financial or medical assistance to those who need it, the DPW administers a variety of programs for people—often children—faced with insurmountable problems.

Protective Services

Protective Services include a wide range of social services available to families in instances of child abuse, neglect, and exploitation.

The aim of the Protective Services program is to minimize family break-up and long-term dependence on the Department's services by responding quickly to calls for help. There is a 24-hour emergency service that handles an ever-increasing number of calls.

Protective Services' cost of nearly \$9 million in FY80 was 75 % federally reimbursed.

Foster Care

The Foster Care program seeks to provide children in its care with a permanent family setting, either by freeing them for adoption or returning them to their homes at the earliest possible time. The program maintains a variety of foster homes so that children can be placed in the most appropriate setting. Each case is reviewed every six months.

The Foster Care program is 75 % federally reimbursed; thus, of its \$3.5 million budget, less than \$1 million was at state expense.

Care and Maintenance

The Care and Maintenance program provides the financial base of Foster Care. While conducting a constant campaign for a larger pool of foster and adoptive homes, Care and Maintenance also tries to find more homes for specialized foster care, subsidized adoptions, and for the retarded children in the Department's care.

Some of the revenue for this program comes from natural parents and third-party sources (such as Social Security). The overall cost of Care and Maintenance to the state was nearly \$40 million in FY80 of which \$30 million was provided by the federal government.

Adoption

The Adoption program is exactly what its name indicates: it places referred children in adoptive homes. Some 140 children were given permanent homes through the Department in FY80. Special emphasis is placed on those children labeled "hard-to-place," mostly adolescents and the handicapped.

Of the approximately \$800,000 spent for adoption, less than \$200,000 represented cost to the state, the remaining portion (75 %) being federally reimbursed.

Day Care

One of the commonwealth's most cost-effective programs, in terms of cutting costs of related programs, is Day Care. It provides daytime care for over 20,000 Massachusetts children—in day-care centers, proprietary family day-care homes, and private babysitting arrangements. The children served by Day Care come from homes in which the primary caretakers are unable to care for them because of daytime absence or physical or mental limitations.

Nearly 70 % of Day Care funds are used for children whose parent works or is training for work, thus promising an eventual lightening of the AFDC caseload. A sliding fee scale is available to low-income families, enabling them to continue working in a normal career development pattern, rather than reverting to welfare in the face of high day-care costs.

Day Care services are, however, increasingly used to provide relief for parents under stress in lieu of foster care or emergency shelters for their children. This allows time for work with the parent to alleviate abusive behavior.

With federal funding at 75 %, less than \$10 million of the program's \$36.6 million was at state expense.

Family Planning and Unwed Mothers

The purpose of this program is two-fold: the Family Planning segment provides low-income people *ineligible* for Medicaid with counseling, medical and educational services, while the Unwed Mothers segment funds child-care training and counseling for unwed mothers during pregnancy and following childbirth. The urgency of this program grew in the wake of Medicaid restrictions on abortion imposed in FY79, which increased the number of unwanted pregnancies, and therefore the number of children at risk of child abuse. The program thus seeks to prevent or reduce child abuse, illegal abortion, welfare dependency, and illegitimate births, particularly to adolescent mothers.

Family Planning and Unwed Mothers is a 75% federally-funded program; hence, of its \$2 million expenditure, less than \$500,000 was state-borne.

Children in Crisis

The primary focus of "Children in Crisis" is on adolescents in need of help.

In addition to the CHINS (Children in Need of Services) referrals that include truants and runaways, the Children in Crisis group includes adolescents referred by other than court sources, such

as neglected and abused youths under eighteen. These youths are provided with diagnostic assessment services, counseling, emergency shelter, foster care casework, and when necessary, adoption. Adoption is seen as a last resort, however, as the overriding objective of the program is to keep the family intact and functional. In instances where this is no longer possible, the Independent Living Program for adolescents provides an alternative.

The cost of the Children in Crisis program reached nearly \$5 million in FY80, of which the state-paid portion was slightly over \$1 million, the remaining 75% being federal funds.

Social Services to Families and Children

This program provides homemaker and chore services to over 1,000 cases in which the parent is absent, hospitalized, or incapacitated either physically or emotionally. These in-home care services forestall foster care placement and allow the family to remain together in times of duress. The homemaker, in protective cases, works in tandem with the caseworker to provide optimum support to the family in meeting its problems, often functioning as a buffer between an abusive parent and child.

The cost of this program was slightly over \$3 million, with nearly \$2.5 million being federal monies.

Social Services to the Disabled

In many cases, disabled people can be better served in their own homes than in more costly nursing homes. Therefore, the Department provides homemaker and chore services to approximately 1,000 SSI-Disabled clients under 60 years of age.

Of its \$2.5 million expenditure, nearly \$2 million, or 75%, was federally reimbursed.

Emergency Services to Battered Women

Increased public awareness of the tragic problem of battered women has led to the growth of a small but much used network of emergency shelters. These shelters provide not only a place to go *in extremis*, but also counseling for women and their children to help them break out of an environment of violence and achieve independence.

Founded in FY79 with a budget of \$118,000, in its second year the program's expenditures reached half a million dollars, of which 75% was federal monies.

1980 DPW Administration

With such a wide range of services offered to those in need, involving such extensive funding, a variety of administrative procedures are necessary to ensure that the money spent buys the intended services, and that those services go to the intended recipients. But despite the size and complexity of the Department's operation, its administrative costs in

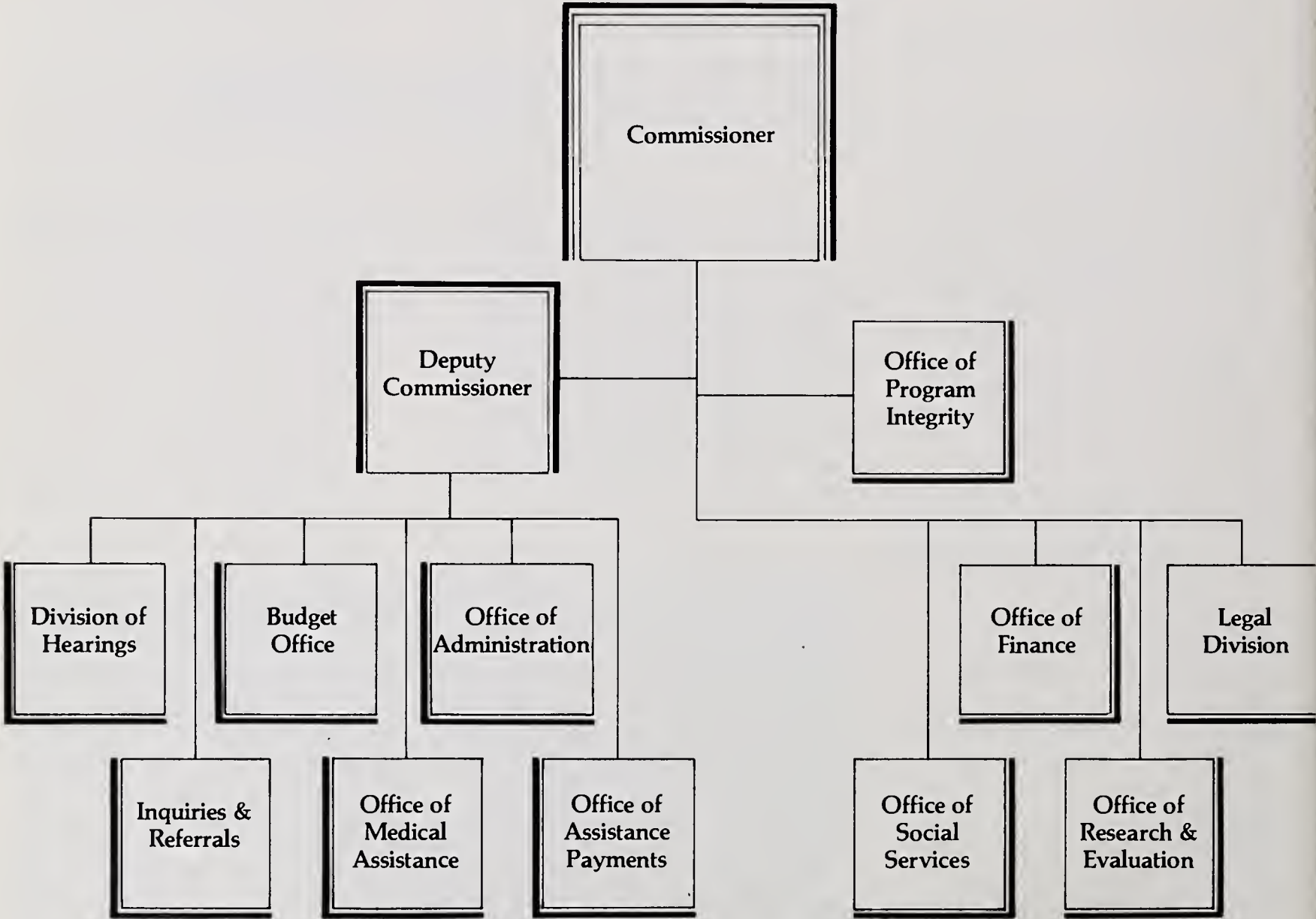
disbursing nearly \$2 billion in FY80 amounted to only some 6%. In dollar amounts, this translates as \$122,000,000 spent to administer \$1,938,000,000.



Meeting to discuss health care options.

Organization Chart

as of October 2, 1979



□ Office of Research and Evaluation

This office provides the Commissioner and his staff with the professional research, evaluation, and data analysis necessary for policy and management decisions. Staffed by psychologists, sociologists, economists, political scientists, social work researchers, and programmers, the office conducts high-calibre quantitative analysis and survey research. In FY80 the office was called upon to evaluate programs and assess their impact, describe caseload characteristics, measure performance, increase public understanding of welfare programs, and meet requests for interstate comparisons of welfare programs and policies.

□ Office of Social Services

The Office of Social Service (OSS) provides social services to children, their families, and single adults under 65, by delivering certain services directly, and by purchasing others from private agencies. In fulfilling its role, OSS must ensure that the services provided dovetail with the particular needs of clients.

FY80 funds were administered by a central staff responsible for overall coordination of functions, which included processing all OSS personnel transactions; maintaining an internal review bureau; respond-

ing to legislative, vendor, and client inquiries about payments and services; representing the Department on the Office for Children Interdepartmental Teams; and administering the interstate placement of children.

The major emphasis of this office in FY80 was the transfer of all social service functions from the DPW to the newly independent Department of Social Services, which began operation on July 1, 1980 under the leadership of Commissioner Mary Jane England. The Office of Social Services discharges its responsibilities through a variety of administrative units.

Donated Funds

One of the programs most beneficial to the taxpayer is the Donated Funds portion of Social Services, as it is of no cost to the state. In FY80, some \$22 million was available for use due to tax-deductible contributions of monies, personnel, and facilities from individuals, corporations, and municipalities and, from the federal government, a 3:1 match of these contributions.

One aspect of the Title XX program funds training programs given by private colleges and universities for social service workers directly involved in the delivery of Title XX services. Another is contingent upon the use of "in-kind" state resources such as college buildings. The largest part of these funds, amounting to nearly \$14 million,

partially funds such services as day care, protective services, emergency shelter, counseling, and services to battered women.

□ Office of Finance

The Office of Finance is comprised of five major subdivisions, each of which carries out specialized functions. This organizational structure promotes the accurate and timely disbursement and collection of funds, keeps track of the monies coming into and leaving the Department. Its units include Accounting, Receivables, Advance Accounting, Federal Statistical Reporting and Federal Revenue.

The Audit and Control Unit, created in May, 1979, monitors functions within the Department to evaluate operations and recommend changes for improved operation and controls—in short, to promote the Department's effectiveness in carrying out its stated goals.

The Business Agent's Office is responsible for procuring and maintaining physical functions to promote optimum working conditions. This office was very much involved in the separation of Social Services from Welfare functions which enabled work sites to be upgraded considerably.

The Payments Section manages automatic, contracted, and manual payment systems and resolves individual and group vendor and recipient payment problems. It monitors

lost, stolen, or fraudulently cashed checks, and intercepts federal SSI checks issued to new recipients who have received interim payment. It also issues remuneration for foster care, day care, and home-maker services.

Child Support Enforcement Unit

The Child Support Enforcement Unit is responsible for establishing a relationship between a dependent child and its absent parent so that the parent assumes support—both financial and emotional—for the child. The CSEU goes to court when necessary to establish legal respon-

sibility for child support. There are at any given time some 60,000 illegitimate children receiving public support, and 40% of all new AFDC applications involve illegitimacy. By collecting funds from absent parents, the CSEU eases the support burden of the commonwealth. In FY80 the CSEU collected over \$30 million from absent parents.

□ Budget Office

The budget Office analyzes, prepares, and defends the Department's annual budget request. This necessitates long-run forecasting of caseload and expenditures, monitoring and

analyzing current expenditures, and reviewing proposed policy changes for potential cost implications. In the process, the unit is able to develop cost-saving projects and to monitor their implementation and actual savings.

□ Office of Administration

The Office of Administration develops and manages the Department's human resources. In fact, almost all of Administration's work revolves around the people of the Department—who they are, what skills they have, what opportunities they are given, and what support they have in doing their jobs. A performance appraisal system was initiated in FY80 which was designed to establish accountability, improve job performance, provide equitable evaluation, and generate data for career development and improvement planning.

Training

One of the Department's most crucial initiatives in FY80 was staff training. With the imminent separation of all Social Service functions,



The DPW works with other agencies like the Department of Employment Security to seek jobs for welfare recipients.

caseworkers required retraining for their new focus on financial assistance. Current field staff were trained or retrained in policy and the use of the Department's operational tools and systems. Another effort involved the development of training packages for new workers, workers moving into supervisory positions, and supervisors moving into managerial positions.

Systems

To enhance speed and efficiency, the Department takes advantage of computer technology whenever possible. Computer services are provided by the Bureau of Systems Operations, enabling automatic authorization, identification, payments, and, perhaps most important, adjustments. The Data Entry Center performs all eligibility-related data entry for the greater Boston area, plus all Social Services and non-medical vendor payment entries. The Medical Claims Control Center in Westborough, with two private contractors, processes medical claims, including claims for hospitals, long-term care facilities, and physicians. Wage matches initiated in FY80 with the Department of Revenue, which compare reported earnings of Social Security recipients to earnings reported to the DPW, have since been expanded into one of the Department's most valuable weapons against fraud and abuse.

□ Office of Program Integrity

A major component of Program Integrity is **Quality Assurance**, a system in which a team of central staff reviews local office case records for certain leading indicators of error, and a QA score is computed. Supervisory units are then monitored, weaknesses identified, and corrections initiated.

Closely allied is **Quality Control**, which intensively investigates a random sample of cases for errors and omissions. Together, these two recent innovations have cut the Department's error rate from 24.8% in FY78 to 8% in the federal measuring period of April to September 1980.

□ Legal Division

Increasingly complex problems arising from initiatives to maximize service to the client while simultaneously easing the taxpayer's burden lead inevitably to increased need for legal counsel. In FY80 the Legal Division acted not only for the Department in court, but also waded through the welter of rules, regulations, and statutes to avert court action. It prosecuted child support cases, declared children wards of the court, and sued to recover funds when investigation had revealed overbilling or fraudulent billing.

□ Office of Medical Assistance

Beginning its participation in the Medicaid program in 1966, the commonwealth now purchases medical services for nearly 12% of the state's population. A variety of administrative units are responsible for overseeing the timeliness, propriety, and efficacy of these services.

Provider Review and Sanctions

This program identifies providers who have submitted erroneous claims for Medicaid services. The staff audits these providers and may institute recovery procedures, suspend their participation in Medicaid, or notify them of their acceptability. In FY80, Provider Review recovered about \$1.2 million in overpayments, and was seeking legally an additional \$2 million. Thirty-four providers were suspended, and 112 were referred for criminal investigation to the Medicaid Fraud Control Unit in the Office of the Attorney General.

Peer Review

The program assesses the quality and/or appropriateness of services provided to Medicaid clients. While the specific procedures used to review providers varies among medical disciplines, the peer review process efficiently and systematically reviews provider services and establishes a basis for recovery of monies paid for unnecessary or poor quality services.

Professional Standards Review Organization Monitoring

PSROs are federally supported agencies responsible for assuring the quality and appropriateness of medical care to patients covered under the Social Security Act. To ensure that PSROs are performing their jobs properly, the PSRO Monitoring Unit reviews a sample of hospital admissions screened by them. If the Division finds reason to question a PSRO's medical judgment, a complaint is filed through the U.S. Department of Health and Human Services to seek redress.

Second Opinion Program

Formally the Consultation Program for Elective Surgery, this unit was mandated by the Legislature in 1977, in an effort to curb unwarranted surgery. Medicaid recipients are required to obtain a second opinion from a physician as a precondition for reimbursement for elective surgery. Over the year following the creation of the program, there was a 20% drop in surgery for all procedures except disc surgery/spinal fusion, with estimated net savings of \$856,000. This unit has continued to prove a cost-effective arm of the Department, with savings of \$1 million in FY80.

Prior Approval

Section 7, Chapter 118E, of the Massachusetts General Laws authorized the Department to require prior approval of medical services, equipment, and supplies before reimbursing providers. Prior approval must be sought for dental care, extended mental health treatment, purchase of durable medical equipment, orthotic and prosthetic treatments, podiatry services and supplies, respiratory services and equipment, medical transportation services, physician services, hearing aids, restorative services, vision care services, and pharmacy supplies. With requests for prior approval averaging 5,000 a month in FY80, the program has proven effective in controlling the misuse of medical services. An estimated \$2.3 million was saved through the prior approval program in FY80.

Third Party Liability

The objective of this program is to maximize the contributions of other health insurance plans in covering the medical costs of Medicaid recipients. These might include government insurance, workmen's compensation, or private health, liability, or casualty insurance coverage. By law, Medicaid is the payer of last resort, and the Division is therefore entitled to recover money from other insurers. From January of FY80 through June FY80 the Department collected \$700,000 for medical expen-

ses of Medicaid recipients covered by other plans.

Generic Drugs

The commonwealth's "Interchange Law" limits state reimbursement for drugs purchased by Medicaid recipients to the cost of equivalent generic drugs. The U.S. Food and Drug Administration has supported the state's encouragement of physicians and pharmacists to use generic drugs whenever possible, which resulted in savings of \$1.5 million to the commonwealth during FY80.

Medication Control

This program limits the prescription drug-buying habits of Medicaid recipients who purchase excessive amounts of drugs through "shopping around" at pharmacies. Medicaid Identification cards are stamped once a month with a special notation indicating purchase of certain easily abused drugs, restricting purchase of these drugs to a single pharmacy. The program was implemented on a trial basis in the local Boston area in FY80, and saved up to \$10,000.

Case Management/Screening

Facilitating the appropriate placement of Medicaid recipients in either nursing homes or community settings, this program screens Medicaid recipients recommended for nursing home care to ensure that alternative care is either unavailable or insufficient for their needs.

Nursing Home Relocation

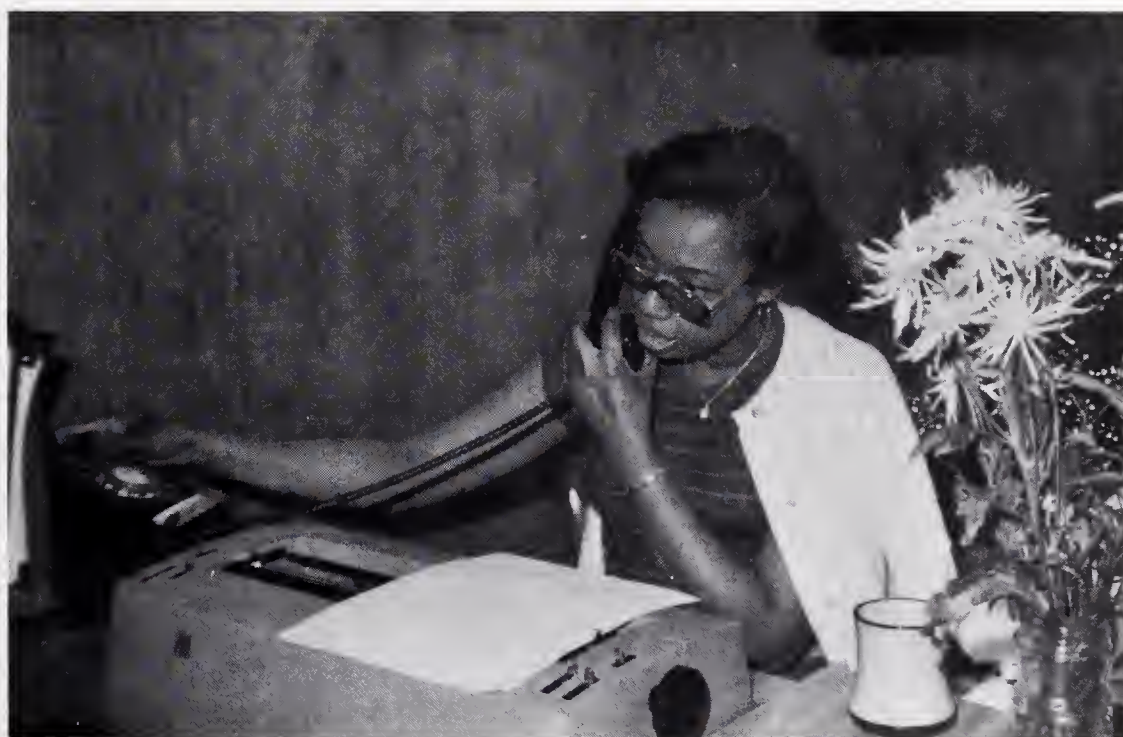
When nursing homes close, convert to rest homes, or withdraw from Medicaid participation, this unit assists in the transfer of Medicaid clients to other sites. Approximately 600 such patients were relocated in FY80.

Health Maintenance Organizations

Providing comprehensive medical services at a set monthly fee, HMOs stress preventive and ambulatory care, reducing their members' use of costly hospital services. Offering the advantages of a single primary-care physician (continuity and coordination of allied services), they provide more cost-effective quality health care than conventional fee-for-service providers, with monthly premiums for Medicaid recipients ranging from 10 to 25% less than similar conventional services.

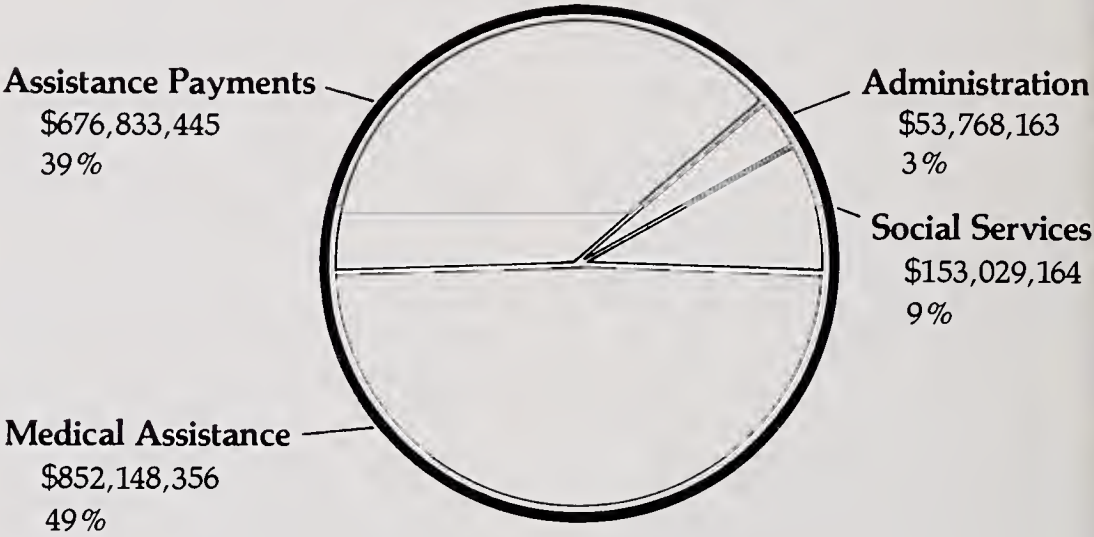
Case Management Project

A demonstration funded by a federal grant, this project functions much like an HMO. Case Management contracts with existing health centers to provide Medicaid recipients with on-site primary care, to coordinate and control specialized and in-patient care, and to monitor care administered in referrals, at a pre-set cost. As incentives to control costs, participating Medicaid families receive a nominal fee to follow the program's guidelines, and the centers themselves receive 40% of the savings accruing from Case Management.

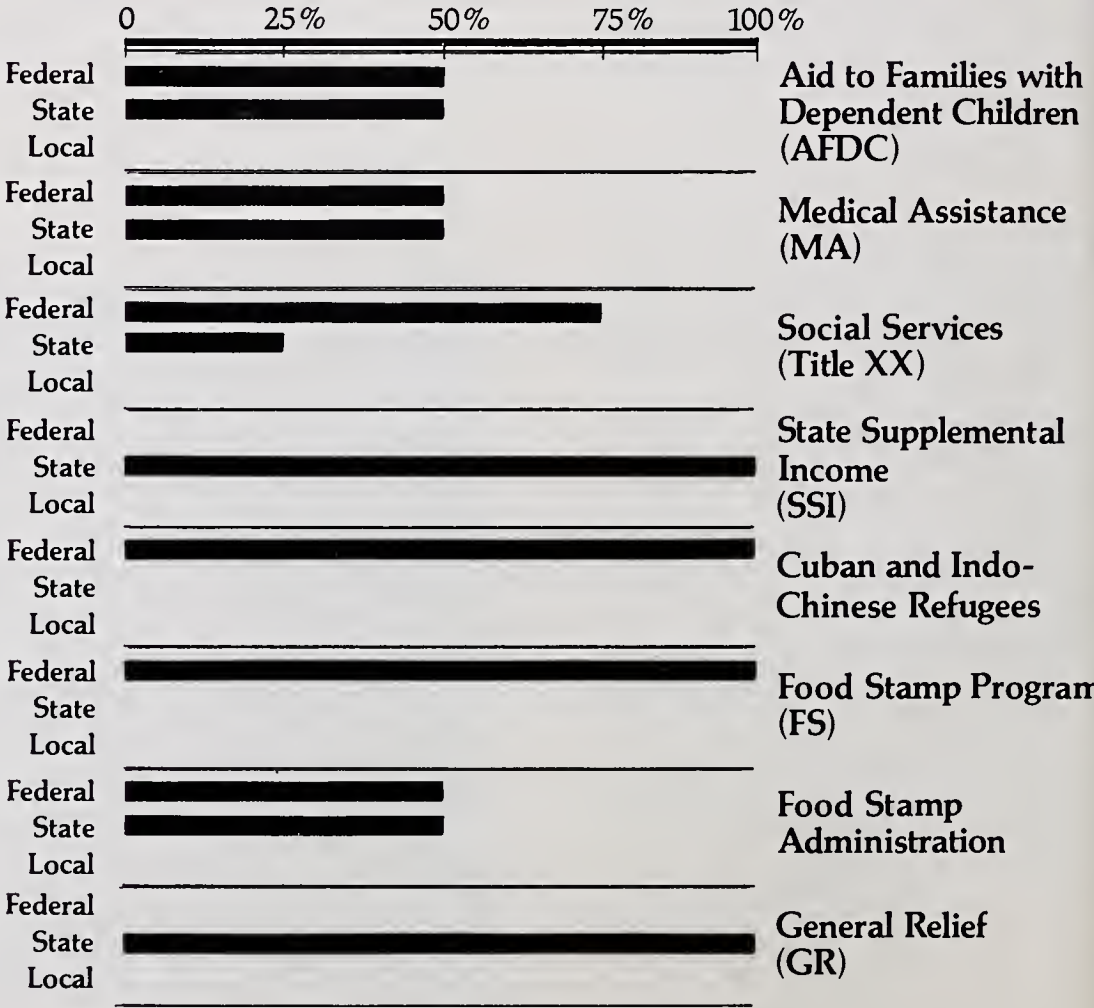


Finances

FY80 Expenditures



Sources of Funding in FY1980 for Major Departmental Programs



Regional and Local Offices

Regional Offices

Region I—Boston

Boston Regional Office
43 Hawkins Street
Boston, MA 02114

Region II—Springfield

Springfield Regional Office
235 Chestnut Street
Springfield, MA 01103

Region III—Worcester

Worcester Regional Office
75 Grove Street
Worcester, MA 01605

Region IV—Lawrence

Lawrence Regional Office
11 Lawrence Street
Lawrence, MA 01840

Region V—Greater Boston

Greater Boston Regional Office
39 Boylston Street
Boston, MA 02116

Region VI—New Bedford

New Bedford Regional Office
399 Acushnet Avenue
New Bedford, MA 02740

Offices within Jurisdiction

Adams Street
Church Street
Columbia Point
"D" Street
Dimock Street

East Boston
Grove Hall
Hancock Street
Morton Street
Nursing Homes

Roslindale
Roxbury Crossing
South Huntington
West Howell

Adams
Athol
Chicopee
Great Barrington

Greenfield
Holyoke
Northampton
Palmer

Pittsfield
Springfield
Westfield
West Springfield

Clinton
Fitchburg
Gardner
Leicester
Leominster

Medway
Northbridge
Rutland
Shrewsbury
Southbridge

Spencer
Templeton
Worcester

Amesbury
Beverly
Billerica
Chelmsford
Chelsea
Dracut
Everett
Gloucester
Haverhill

Lawrence
Lowell
Lynn
Malden
Medford
Melrose
Methuen
Newburyport
North Andover

Peabody
Reading
Revere
Salem
Tewksbury
Wakefield
Westfield
Winthrop

Arlington
Brookline
Cambridge
Concord
Dedham
Framingham
Hingham

Hudson
Marlborough
Natick
Newton
Norwood
Quincy
Randolph

Somerville
Waltham
Watertown
Weymouth
Wilmington
Woburn

Attleboro
Barnstable
Bourne
Brockton
Fairhaven

Fall River
Falmouth
Marshfield
Nantucket
New Bedford

Oak Bluffs
Orleans
Plymouth
Taunton
Wareham



Department of Public Welfare
600 Washington Street
Boston, Massachusetts 02111

